



FAIRFAX COUNTY, VIRGINIA

Office of Chief Financial Officer
12000 Government Center Parkway, Suite 561
Fairfax, Virginia 22035-0074

Telephone: (703) 324-2391 Fax: (703) 324-3940

Internet: <http://www.fairfaxcounty.gov/dmb>

August 1, 2003

Fairfax County, Virginia is seeking proposals from a qualified firm or individual to serve as Financial Advisor to the County upon the expiration of the current contract on October 31, 2003. As you are aware the position of Financial Advisor is extremely important to strategic planning and professional execution of all aspects of debt management. As a key member of the County's financial management team, the Financial Advisor provides expert analysis of the current financial markets and helps to guide the County through difficult and complex transactions. In seeking a Financial Advisor, the County desires to establish a close working relationship between the individual Advisor and senior staff. However, the County also recognizes that a larger, experienced organization can provide depth and analytical support to the Advisor.

The attached Submission Requirements and draft Financial Services Contract provide the technical details for submission of the proposals. In addition, the County requests a frank and candid response to the questions listed below. These questions will explore the underlying professional philosophy of the firm and the primary Advisor and establish the approach and direction you intend to recommend for the County's debt management policies. The County seeks to identify an Advisor who is compatible with the County's current management policies and philosophy, but can also recommend new directions if warranted and justifiable to strengthen the County's long term financial position.

The proposals will be reviewed by a select panel of County staff chaired by me. Proposers who demonstrate a thorough knowledge of the County's financial and credit position, and the County's financial policies will be considered for interviews. Final selection of a Financial Advisor will be made largely on the basis of the interview results and the ability of the proffered team to establish a compatible working relationship with senior financial staff.

Please respond to the following questions from your knowledge of the County as succinctly and clearly as possible within the constraints established by the attached submission requirements. Information, including the most recent financial reports, the FY 2004 budget and the FY 2004-2008 Capital Improvement Program, may be found on the County's web site or may be supplied upon request:

- 1) Discuss both the short term and long term credit strengths and weaknesses of Fairfax County.
- 2) Provide a summary analysis of the County's debt capacity and the ability to expand its capacity within current resources.
- 3) Analyze the adequacy of the County's reserves.
- 4) Discuss your philosophy on the use of "subject to annual appropriation" debt and explicit moral obligations including potential risks to the County.
- 5) Discuss the benefits and potential risks involved in the use of derivative products to enhance the County's debt capacity while preserving its credit rating.
- 6) Discuss whether the County is a candidate for developing a commercial paper program.
- 7) Given the County's future borrowing plans as expressed in its Capital Improvement Program, what do you see as the most serious risk to maintenance of the Aaa/AAA ratings?

Proposals are due on September 4, 2003 to the offices of the Department of Management and Budget as required by the attached Submission Instructions.

I look forward to your response.

Sincerely,

Edward L. Long, Jr.
Chief Financial Officer

cc: Cathy Muse, Director, Purchasing and Supply Management

FINANCIAL SERVICES CONTRACT

THIS CONTRACT entered into this _____ day of _____, 20____ by and between the Fairfax County Board of Supervisors, (hereinafter called "**FAIRFAX COUNTY**") AND _____ (hereinafter called "**CONTRACTOR**").

THE PARTIES TO THIS CONTRACT ARE MUTUALLY AGREED THAT:

1. **FAIRFAX COUNTY** engages the **CONTRACTOR** to provide the following services:
 - a. Work with the Board of Supervisors and County officials in developing plans and strategies for financing planned capital improvements taking into account relative costs and the effect of various alternatives on the County's financial and credit position.
 - b. If requested, advise the County regarding the debt financing plans and strategies of other entities, such as existing or proposed districts and authorities, that are subject to control or appointment by the Board of Supervisors, including analysis of alternatives.
 - c. Assist the County in the preparation of bond and note issues for sale, including but not necessarily limited to the following services:
 - (1) Assist in preparing an official statement relating to the issuance of bonds or notes.
 - (2) Make recommendations regarding the maturity structure, registration details, and redemption features of the bonds or notes.
 - (3) Coordinate with bond counsel to assure that all necessary documentation is prepared.
 - (4) Assist County official in developing information to be presented to the municipal bond rating services. Accompany County officials in all presentations to the rating services.
 - (5) Make all necessary arrangements for printing the official statement, notice of sale and bid form.
 - (6) Take primary responsibility for the distribution of the official statement, notice of sale, and bid form.
 - (7) Coordinate with bond counsel to make arrangements for the advertisement of the County's bond and note sales in financial publications.
 - (8) Advise the County regarding the timing of its bond and note sales.
 - (9) Participate in County bond and note sales to evaluate the bids received and to advise the Board of Supervisors and/or senior staff regarding acceptance of the bids.
 - (10) Coordinate with the winning bidder, County officials, and bond counsel regarding the delivery of the County's bonds and notes.
 - (11) If requested, provide the County with advice and recommendations regarding the investment of the proceeds of the County's notes and bonds (and other funds).
 - (12) Assist in developing refunding bond proceed allocation methodologies.

- (13) No more than 2 (two) business days following bond closing, prepare detailed, "by purpose" amortization schedules for new money and refunding bond proceeds; prepare summary amortization schedules including but not limited to schedules reporting "all purposes except schools", and "totals (county plus schools)"; FA to keep copies in its offices indefinitely or until such time as mutually agreed to by county
 - (14) No more than 2 (two) business days following bond closing, prepare the following: final "sources and uses" schedule; schedule detailing by purpose allocation of premium or discount on bond sale; FA to keep copies in its offices indefinitely or until such time as mutually agreed to by county
 - (15) Not more than 15 (fifteen) business days following bond closing, provide a final, bound "bond pricing information" booklet
- d. Periodically, but not less than quarterly, analyze the outstanding debt of the County and component units for refunding opportunities and report recommendations.
 - e. Assist in tracking and calculating arbitrage and rebate requirements.
 - f. Assist in procurement of financial services for any of the above listed activities as directed.

The person named herein, _____, is designated the primary Advisor and will remain responsible throughout the period of this contract. No diversion or replacement may be made without submission of a resume of the proposed replacement with final approval being granted by the Chief Financial Officer.

2. **PERIOD OF CONTRACT:** The period of this contract shall be from November 1, 2003 through October 31, 2006. This contract may be renewed at the expiration of its term by agreement from both parties. Such renewals may be for consecutive one (1) year periods each. Notice of intent to renew will be given to the Contractor in writing by the County Purchasing Agent, normally 180 days prior to the expiration date of the current contract. This notice will not be deemed to commit the County to a contract renewal.
3. **AVAILABILITY OF FUNDS:** It should be noted that multi-year contracts may be continued each fiscal year only after funding appropriations and program approval have been granted by the Fairfax County Board of Supervisors. In the event that the Fairfax County Board of Supervisors does not grant necessary funding appropriation/program approval, then the affected multi-year contract becomes null and void, effective July 1 of the fiscal year for which such approvals have been denied.
4. **TIME OF PERFORMANCE:** The Contractor's staff must be available for consultation with County staff on an as-needed basis between 8:00 AM and 5:00 PM, Monday through Friday.
5. **COMPENSATION:** **FAIRFAX COUNTY** agrees to pay the **CONTRACTOR** in accordance with the attached schedule [to be determined based on contractor's proposal as negotiated] for services provided. As **CONTRACTOR** is not a bona fide County employee, the parties agree that no deductions for withholding taxes, workman's

compensation, insurance, or other fringe benefits will be made and will be the sole responsibility of the **CONTRACTOR**.

6. **METHOD OF PAYMENT:** **FAIRFAX COUNTY** will pay the **CONTRACTOR** as specified in paragraph 5 of this **CONTRACT**. Such sum will be paid upon receipt of an invoice from the **CONTRACTOR** specifying method of calculation per agreed upon schedule and detail of allowable expenses. Payment will be made by check or wire transfer from Fairfax County directly to the **CONTRACTOR**.
7. **TERMINATION OF CONTRACT:** This **CONTRACT** may be terminated by either party, with or without cause at any time prior to the expiration date specified in paragraph 2 of this **CONTRACT**, by giving 30 day's notice in writing to the other parties.
 - a. The County reserves the right to terminate the contract upon the any change to the designated primary advisor by the **CONTRACTOR**.
 - b. If, through any cause, the Contractor shall fail to fulfill in a timely and proper manner his or her obligations under this contract, or if the Contractor shall violate any of the covenants, agreements, or stipulations of this contract, the County shall thereupon have the right to terminate, specifying the effective date thereof, at least five (5) days before the effective date of such termination. In such event all finished or unfinished documents, data, studies, surveys, drawings, maps, models, and reports prepared by the Contractor under the contract shall, at the option of the County, become its property and the Contractor shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents.
 - c. Notwithstanding the above, the Contractor shall not be relieved of liability to the County for damages sustained by the County by virtue of any breach of contract by the Contractor for the purpose of set off until such time as the exact amount of damages due to the County from the Contractor is determined.
9. **PROHIBITION AGAINST CONTINGENT FEES:** The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, except bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For violation of this warranty, the County shall have the right to terminate or suspend this contract without liability to the County or in its discretion to deduct from the contract price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.
10. **PROJECT AUDITS:** The **CONTRACTOR** shall maintain adequate records in such a manner that they may be audited in progress and upon completion of the project. A simple ledger sheet showing disbursement by line item is preferred. The auditor will need access to the following documents during this audit:
 - a. All paid vouchers including those for out-of-pocket expenses, and other reimbursements supported by invoices, including Contractor copies of Periodic Estimate for Partial Payment;
 - b. Ledgers;

- c. Cancelled Checks;
- d. Deposit Slips;
- e. Bank Statements;
- f. Journals, if any;
- g. Copies of all contracts and copies of any contract amendments;
- h. Insurance Documents;
- i. Payrolls;
- j. Time Sheets.

11. **INDEMNIFICATION:** Contractor shall indemnify, keep and save harmless the County, its agents, officials, employees and volunteers against claims of injuries, death, damage to property, patent claims, suits, liabilities, judgments, cost and expenses which may otherwise accrue against the County in consequence of the granting of a contract or which may otherwise result therefrom, if it shall be determined that the act was caused through negligence or error, or omission of the Contractor or his or her employees, or that of the subcontractor or his or her employees, if any; and the Contractor shall, at his or her own expense, appear, defend and pay all charges of attorneys and all costs and other expenses arising therefrom or incurred in connection therewith; and if any judgment shall be rendered against the County in any such action, the Contractor shall, at his or her own expense, satisfy and discharge the same. Contractor expressly understands and agrees that any performance bond or insurance protection required by this contract, or otherwise provided by the Contractor, shall in no way limit the responsibility to indemnify, keep and save harmless and defend the County as herein provided.

12. **OFFICIALS NOT TO BENEFIT :**

- a. Each bidder or offeror shall certify, upon signing a bid or proposal, that to the best of his or her knowledge no Fairfax County official or employee having official responsibility for the procurement transaction, or member of his or her immediate family, has received or will receive any financial benefit of more than nominal or minimal value relating to the award of this contract. If such a benefit has been received or will be received, this fact shall be disclosed with the bid or proposal or as soon thereafter as it appears that such a benefit will be received. Failure to disclose the information prescribed above may result in suspension or debarment, or rescission of the contract made, or could affect payment pursuant to the terms of the contract.
- b. Whenever there is reason to believe that a financial benefit of the sort described in paragraph "a" has been or will be received in connection with a bid, proposal or contract, and that the contractor has failed to disclose such benefit or has inadequately disclosed it, the County Executive, as a prerequisite to payment pursuant to the contract, or at any other time, may require the Contractor to furnish, under oath, answers to any interrogatories related to such possible benefit.
- c. In the event the bidder or offeror has knowledge of benefits as outlined above, this information should be submitted with the bid or proposal. If the above does not apply at time of award of contract and becomes known after inception of a contract, the bidder or offeror shall address the disclosure of such facts to the Fairfax County Purchasing Agent, 12000 Government Center Parkway, Suite

427, Fairfax, Virginia 22035-0013. Relevant Invitation/Request for Proposal Number should be referenced in the disclosure.

12. **DISPUTES:**

- a. Any dispute concerning a question of fact as a result of a contract with the County which is not disposed of by agreement shall be decided by the County Purchasing Agent, who shall reduce his decision to writing and mail or otherwise forward a copy thereof to the contractor within thirty (30) days. The decision of the County Purchasing Agent shall be final and conclusive unless the contractor appeals within six (6) months of the date of the final written decision by instituting legal action as provided in the Code of Virginia. A contractor may not institute legal action, prior to receipt of the public body's decision on the claim, unless the public body fails to render such decision within the time specified.
- b. Contractual claims, whether for money or other relief, shall be submitted in writing no later than sixty days after final payment; however, written notice of the contractor's intention to file such claim shall have been given at the time of the occurrence or beginning of the work upon which the claim is based. Nothing herein shall preclude a contract from requiring submission of an invoice for final payment within a certain time after completion and acceptance of the work or acceptance of the goods. Pendency of claims shall not delay payment of amounts agreed due in the final payment.

13. **CHANGES:** Fairfax County may, at any time, by written order, require changes in the services to be performed by the Contractor. If such changes cause an increase or decrease in the Contractors cost of, or time required for, performance of any services under this contract, an equitable adjustment shall be made and the contract shall be modified in writing accordingly. The County Purchasing Agent must approve all work that is beyond the scope of this Request for Proposal. No services for which an additional cost or fee will be charged by the Contractor shall be furnished without the prior written authorization of the Fairfax County Purchasing Agent.
14. **LEGAL ACTION:** No bidder, offeror, potential bidder or offeror, or contractor shall institute any legal action until all statutory requirements have been met.
15. **SAFEGUARDS OF INFORMATION:** Unless approved in writing by the County Purchasing Agent, the Contractor may not sell or give to any individual or organization any information, reports, or other materials given to, prepared or assembled by the Contractor under the final contract.
16. **ACCESS TO AND INSPECTION OF WORK:** The Fairfax County Purchasing Agent and using agencies will, at all times, have access to the work being performed under this contract wherever it may be in progress or preparation.
17. **NEWS RELEASE BY VENDORS:** As a matter of policy, the County does not endorse the products or services of a contractor. News releases concerning any resultant contract from this solicitation will not be made by a contractor without the prior written

approval of the County. All proposed news releases will be routed to the Purchasing Agent for review and approval.

ACCEPTED BY:

CONTRACTOR

DIRECTOR OF AGENCY/DEPARTMENT
REQUIRING SERVICES

DATE

DATE

Cathy A. Muse, CPPO
Director/County Purchasing Agent

DATE
(Rev 5/02)

SUBMISSION INSTRUCTIONS

The offeror must submit the Proposal in a separate binder containing the following information. The following topics will be considered minimum contents of the proposal. Proposal contents shall be arranged in the same order and identified with headings as presented herein.

IDENTIFYING INFORMATION AND REFERENCES

1. Name of firm submitting proposal; main office address; when organized; if a corporation, when and where incorporated; appropriate Federal, State, and County registration numbers; and annual report or financial statement.
2. Provide a list and brief resumes of the individuals you propose for your team. Identify each individual's role in the engagement (i.e., primary contact, day-to-day contact, etc.). A primary Advisor must be designated. The resumes may be attached in a separate Appendix that will not be included in the page limitation noted below.
3. Provide a representative list of municipal and State governments for which the designated primary Advisor has served in the capacity of primary Financial Advisor since 1990. Please list the jurisdiction, the amount of the debt outstanding, the primary credit rating, average amount of annual sales of all types, and any significant projects or benefits attained during your tenure (such as rating upgrade, significant financing completed, etc.) The County reserves the right to contact any of the listed jurisdiction for references during the evaluation process. Please include the name of the primary contact person (title, address, telephone number and e-mail address (if available)) for any three engagements performed within the last three years.
4. Are there any legal or regulatory actions, either threatened or pending and outstanding, involving your firm which relate to your public finance department (and other areas of the firm relevant to this engagement) or issues for which you served as senior manager or financial advisor? If so, please explain.

DISCUSSION QUESTIONS

Please respond to the questions in the cover letter as succinctly and clearly as possible.

COMPENSATION

Please provide your proposed compensation rates in an attached schedule. Due to the "on call" nature of the County's anticipated business, the County prefers to provide compensation when transactions are actually completed. This method is expected to facilitate comparison and evaluation of the proposals. The County believes that its volume of publicly marketed transactions shall be sufficient to assure any firm adequate compensation for the services noted in the draft contract that may not be directly connected with an actual sale or issue of bonds.

Alternative compensation proposals will be considered.

REQUIRED SUBMITTALS:

Each Offeror responding to this solicitation must supply all the documentation required in the solicitation to be fully considered. An Offeror's failure to provide the documentation with the Offeror's response will result in the disqualification of the Offeror's proposal.

SUBMISSION OF PROPOSAL :

1. One (1) original (duly marked) and five (5) copies of the Technical Proposal are due to the receptionist at the following address not later than 4:30 p.m. September 4, 2003:

Department of Management and Budget
12000 Government Center Parkway, Suite 561
Fairfax, Virginia 22035-0074
Telephone: 703-324-2391

- a. In addition, please send one (1) copy of your proposal directly to the County's bond counsel at the following address:

A. Francis Robinson, Jr., Esq.
Sidley Austin Brown & Wood LLC
787 Seventh Avenue
New York, New York 10019

2. It is the Offeror's responsibility to clearly identify and to describe the services being offered in response to the solicitation. Offerors are cautioned that organization of their response, as well as thoroughness is critical to the County's evaluation process. All required information must be furnished and presented in an organized, comprehensive and easy to follow manner.

Unnecessarily elaborate brochures of other presentations beyond that sufficient to present a complete and effective proposal is not desired. Elaborate artwork, expensive paper, bindings, visual and other presentation aids are not required. The County encourages Offerors to use recycled paper, wherever possible.

3. Proposals should be prepared simply and economically, providing a straightforward, concise description of capabilities to satisfy the requirements of the solicitation. Emphasis should be placed on completeness and clarity of content. Joint proposals by two or more firms are not permitted.
4. Each copy of the proposal should be bound or contained in a single volume where practical. All documentation submitted with the proposal should be contained in that single volume. Proposals should be organized in the exact order in which the requirements are presented in the RFP and should be page numbered. The proposal should contain a table of contents which cross-references the RFP requirement and the specific page of the response in your proposal. Originals should be marked as such.

5. Other proposal format requirements include:
- All responses must adhere to the page limitations where indicated. **The entire proposal should be limited to 30 pages** (excluding your cover letter of no more than 2 pages, resumes, schedule of compensation and exhibits). All proposals should be single-sided. Information printed on both sides of a page will be counted as two pages.
 - 8½ x 11 inch page size
 - No font smaller than 11 pitch

LATE PROPOSALS:

Proposals received in the Department of Management and Budget after the date and time prescribed shall not be considered for contract award and shall be returned to the offeror.

PERIOD THAT PROPOSALS REMAIN VALID:

Each Offeror agrees that proposals will remain valid for a period of sixty (60) days after the date specified for receipt of proposals.

CONTACT FOR TECHNICAL MATTERS:

The person to contact concerning all matters pertaining to this solicitation is:

Leonard Wales, Assistant Director
Department of Management and Budget
Len.wales@Fairfaxcounty.gov

TRADE SECRETS/ PROPRIETARY INFORMATION:

1. Trade secrets or proprietary information submitted by an offeror in connection with a procurement transaction shall not be subject to public disclosure under the Virginia Freedom of Information Act; however, they must invoke the protections of this section prior to or upon submission of the data or other materials.
2. The Offeror must identify the data or other materials to be protected and state the reasons why protection is necessary. Disposition of material after award(s) is/are made should be stated by the offeror.
3. The classification of the entire proposal document, line item prices, and/or total proposal prices as proprietary or trade secrets is not acceptable.

COMMITMENT AND CONFLICT OF INTEREST STATEMENT

This section shall include a statement from the Offeror, committing itself to the project and identifying any relevant relationships/arrangements between members of the Offeror firm, members and/or staff of the County or Fairfax County and its affiliates.

Also include a separate description of any consultants that your firm has engaged to assist in generating municipal bond underwriting business in Virginia in general. Finally, describe your firm's compliance with MSRB Rule G-37.